

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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CONFIRM

Docket No. MC2002-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS LUBENOW TO INTERROGATORIES OF THE OFFICE OF THE  
CONSUMER ADVOCATE  
(OCA/USPS-T2-1-7)

The United States Postal Service hereby provides the responses of witness Lubenow to the following interrogatories of the Office of the Consumer Advocate:

OCA/USPS-T2-1-7, filed on May 8, 2002.

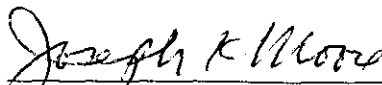
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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May 22, 2002

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**OCA/USPS-T2-1.** Please turn to your testimony at 1, lines 20-21, wherein you state that much is to be gained if the Postal Service can become a "glass box". Given that consumers have time dependent postal needs similar to those of major mailers--for example, the need to know when a mortgage payment will be received in a distant state given that routings and delivery times are not totally a function of distance--do you believe that there is also much to be gained if the "glass box" theory is applied further by extending Confirm service to individual consumers? If your answer is positive, please provide details. If your answer is negative, please provide the justification for your conclusion(s).

**RESPONSE:**

Yes, there is a potential benefit from extending Confirm service to individual consumers.

To make it technically feasible, some conditions would have to be present. Let us consider the case of a single piece of letter size mail. The Postal Service or a third party would, in my view, have to supply a means to apply a unique PLANET Code to the mail piece, either through a label or a special preprinted envelope. The consumer would need a method, such as accessing the Internet, in order to obtain any observations. There would be no observations if the letter were not processed through automation equipment, or if, for example, a label had not been properly applied. The Postal Service would have a legitimate concern about the cost of inquiries by consumers concerning the meaning of the observations, or explanations of any lack of observations. Based on the proposed fee structure, Confirm would not appear to be economically attractive to customers who would use it on a small number of pieces.

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**OCA/USPS-T2-2.** On page 2 of your testimony you state that the Mailers Technical Advisory Committee (MTAC) "set out to provide a means to track ordinary mail pieces on their journey through the postal system."

- a. At the outset of the tracking program, was it the intention of the MTAC to find a way to track all First-Class mail as well as other classes of mail? If not, please explain.
- b. At the outset of the tracking program, were there any limitations established by MTAC as to the types of mail pieces or types of mailers whose mail was to be tracked? If so, please explain.

**RESPONSE:**

(a)-(b). It needs to be understood that MTAC is an organization made up of representatives of diverse mailing industry associations. Though MTAC elects its own leaders, forms joint work groups with the Postal Service, and from time to time may focus on key issues with some degree of consensus, it is problematic to refer to the "intention of MTAC" as the question does. Nonetheless, it is fair to say the MTAC work group focused on applications of the PLANET Code for both letters and flats. To the best of my knowledge, the use of the PLANET Code for First-Class letters and flats was always considered as within the scope of the work group. The scope of the MTAC efforts was implicitly limited in a practical sense by the boundaries of the use of the POSTNET barcode within the Postal Service. The underlying premise was that the same device that read the POSTNET barcode could simultaneously read the PLANET Code, and do so at very low cost and without interfering with mail processing. For this reason, the work group focused on mail pieces that could be processed on automation equipment using a POSTNET barcode reader.

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**OCA/USPS-T2-3.** At page 8, lines 12-14, of your testimony, you suggest that “A matrix could fairly easily be developed allowing internal comparisons and determination of relative efficiencies and where bottlenecks are occurring.”

- a. Do you have in your possession any documents drawing such comparisons or determining relative efficiencies or where bottlenecks are occurring?
- b. If so, please provide any materials in your possession drawing internal postal service mail processing comparisons or documents determining the relative efficiencies of Postal Service processing operations or where bottlenecks are occurring.

**RESPONSE:**

(a) No, I do not have any such documents in my possession.

(b) N/A.

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**OCA/USPS-T2-4.** Please refer to your testimony at page 9, lines 4-5. Are mailers continuing to have any difficulties placing two barcodes on the same mail piece? If so, what are the difficulties?

**RESPONSE:**

Placing a POSTNET barcode and a PLANET Code on the same mail piece clearly requires more space than the POSTNET barcode alone. It is possible to have a PLANET Code on a mail piece without a POSTNET code, and the USPS is generally able to route such a mail piece correctly, either adding the POSTNET code or not, depending on the type of mail piece. Nonetheless, since the POSTNET barcode is used to distribute the mail, and since mailers can receive discounts for applying it, mailers have not been inclined to forego its use in favor of the PLANET Code, and are not likely to change this practice in the future.

For almost all PLANET Code users, therefore, the mail piece design must allow for two bar codes to be present. For example, a mailer of flats, such as a magazine publisher, may have many pieces that are eligible for a carrier route rate. These pieces normally do not bear a POSTNET barcode, and would not benefit from a PLANET Code either, since they would not typically be processed on automation equipment. Similarly, other pieces may not be eligible for carrier route rates, but may qualify for automation rates. These automation rate pieces will bear a POSTNET barcode, and may also have a PLANET Code. Since all the magazines are produced at the same time, the use of two barcodes on some of the pieces means that the address label or label area must be designed to allow for two barcodes all of the time. For new users of the PLANET Code, this means that the production process must be altered in some way.

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**OCA/USPS-T2-5.** Is it currently technologically feasible to expand the PLANET Code to more than fourteen digits? If so, are there any MTAC plans to attempt to expand the number of digits in the PLANET Code?

**RESPONSE:**

Under the POSTNET and PLANET Code technical barcode specifications, mailers are limited to a minimum of twenty and a maximum of twenty-four bars per inch. My understanding is that this limitation is not easily removed, considering all the different equipment and software that the Postal Services uses, and the risks of lowering read rates if the bar codes were more compressed. Therefore, other things being equal, adding more digits means taking more horizontal space, and this runs into other limitations such as the width of envelope windows, the number of characters that can be printed on labels or imaged by ink jet equipment, and limitations of software systems.

An alternative approach would be to use a different barcode symbology to create an information-rich mailpiece barcode that could do the job of the PLANET Code, and at the same time provide additional functionality. The use of two-dimensional barcodes has been advocated for this purpose, in order to attain an increase in information capacity that is greater by an order of magnitude. For some time, my view has been that the choice of a symbology for a new mail piece barcode must be carefully considered, and that various options may be appropriate to satisfy the needs of different mailers. I would make two points in this connection. First, there are a great variety of two-dimensional bar codes, and some would be much more difficult than others for mailers to apply, particularly mailers of flats such as catalogs and magazines which may vary in thickness and are addressed at a rate of tens of thousands per hour.

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Second, consideration should be given to barcodes that represent improvements of less than an order of magnitude in information capacity, some of which are in use by other postal administrations, such as the four-state bar codes used in the United Kingdom, Australia and Canada. If restricted to the one-eighth of an inch in height that is specified for current POSTNET and PLANET Codes, this type of barcode, in my view, could be adopted with only moderate investments by segments of the mailing industry which would have to make much more significant investments to deploy some of the two-dimensional codes. At the same time it could carry enough information to identify, track and route mail pieces with a single code.

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**OCA/USPS-T2-6.** Please refer to your testimony on page 11, lines 21-23.

- a. How many specialty service firms are there currently that will handle the PLANET Code application and subsequent reporting and where are they located?
- b. Please explain more fully what you mean by "PLANET Code application."
- c. Please explain the type of reporting the specialty firms will handle.

**RESPONSE:**

a) I know of several firms that are already in operation and providing these services, and others that are planning to enter the market. They are located in various parts of the United States, though these services can be provided without regard to the location of the firm.

b) The PLANET Code has certain required fields, such as the service identifier and the mailer identifier, and then four to six digits remain, in the case of Destination Confirm, and nine to eleven, in the case of Origin Confirm. It is the decision to use these digits for different purposes that enables a variety of PLANET Code applications to be developed. For example, they can be used to facilitate tracking of mail containers within the postal service, or to estimate delivery, or to provide a unique identification, or to distinguish different marketing offers, or different editions of a catalog. Starting from this point, various purposes can be served by different reporting systems.

Going one step further, the systems may encompass responses other than through the mail, perform response analysis using external demographic information, or may be focused on inventory management or cost center staffing, or be correlated with other information about the mailing job and its delivery patterns, among other possibilities.



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c) Depending on the ability of the firms to find suitable markets for their services and to differentiate themselves based on their respective business plans, the reporting will vary based on alternatives such as those discussed above.

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**OCA/USPS-T2-7.** Please refer to page 12, lines 10-15, of your testimony discussing the tests by International Post Corporation for tracking ordinary letter mail.

- a. Please describe the results of the International Post Corporation tests of mail tracking of ordinary letter mail using mail piece barcodes on the back of the letters.
- b. Please describe the advantages and disadvantages of the process tested by the International Post Corporation, particularly in comparison to the CONFIRM service.
- c. Do you believe the International Post Corporation method of tracking could be implemented by the Postal Service without unreasonably difficult technical problems?
- d. Does MTAC have any plans to encourage the Postal Service to implement the International Post Corporation method of tracking mail?
- e. If introduced, could the International Post Corporation method supercede the CONFIRM service?

**RESPONSE:**

- a) The testing began last year and has now involved more than two million scans of ID tags of letters from the US, Canada and Australia received in the United Kingdom. The ID tag is applied to the back of the envelope.
- b) The main advantage is that the tests were done on a cross-border basis, which points the way toward tracking of international mail. The main disadvantage is that generally the ID tags are applied by the postal services and do not carry a mailer ID.
- c) My understanding is that the Postal Service did participate in the pilot test.
- d) MTAC generally encourages various forms of mail tracking as long as there is an opportunity to obtain reliable data at a reasonable price.
- e) Probably not, because of the lack of a mailer ID, which makes the tracking valuable not just to the postal services but more specifically to the participating mailers.

## DECLARATION

I, Joe Lubenow, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



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Joe Lubenow

Dated: 5/22/02

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
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May 22, 2002